

Message Text

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SUBJECT: FCIA DENIAL OF CREDIT TO ADMINISTER FOR CESSNA AIRCRAFT PURCHASE

1. MINISTER OF AGRICULTURE JAMES T. PHILLIPS, JR., TOLD COMMERCIAL ATTACHE YESTERDAY HE WAS MOST DISPLEASED BY THE DENIAL BY THE FOREIGN CREDIT INSURANCE ASSOCIATION (FCIA) OF INSURANCE ON THE SALE OF A CESSNA 310 AIRCRAFT FOR HIS PERSONAL USE. PHILLIPS PRODUCED LETTER, DATED MAY 20, 1975, FROM MICHAEL O'DONNELL, CLAIMS DEPARTMENT FCIA WHICH REFERS TO CLAIMS #CC 4248 S AND #CC 4376 S (IN THE AMOUNT OF DOLS. 10,328.09) WHICH ARE OUTSTANDING TO J. PHILLIPS & CO.

2. PHILLIPS ALSO PRODUCED COPY OF HIS RESPONSE, DATED JUNE 3, 1975, IN WHICH HE POINTED OUT QTE J. PHILLIPS & COMPANY WAS A LEGAL ENTITY UNDER THE LAWS OF LIBERIA IN WHICH MAPLESHIP, INC., A NORWEGIAN COMPANY AND JAMES T. PHILLIPS, JR. HELD EQUAL EQUITY. THE COMPANY WAS LIQUIDATED IN 1966 AND MAPLESHIP AND THE BANK OF LIBERIA WERE AWARDED ALL OF THE ASSETS OF THE COMPANY BY THE SUPREME COURT OF LIBERIA. THERE WAS NO PERSONAL COMMITMENT OF JAMES T. PHILLIPS, JR. FOR ANY OF THE COMPANY'S LIABILITIES AND I AM TOLD THAT THIS WOULD NOT EVEN HOLD UNDER AMERICAN LAW UNQTE. PHILLIPS ALSO HAS A COPY OF A TEXLEX FROM ALAN LEE, COMPTROLLER OF CESSNA INTERNATIONAL FINANCE CORP. (CIFC) TO LOCAL CESSNA REP WHICH STATES QTE THEY (FICA) INDICATED THEY HAVE PAID TWO CLAIMS IN 1966 ON BEHALF OF MR. PHILLIPS THAT WERE NEVER REIMBURSED UNQTE. HE RESENTS ASSIGNMENT OF THIS LIABILITY TO THE PERSON OF JAMES T. PHILLIPS, JR.,

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AND PLANS TO TAKE LEGAL ACTION.

3. ALREADY ANNOYED WITH CESSNA BECAUSE OF A DELAY IN DELIVERY OF THE AIRCRAFT FROM MID-APRIL TO MID-JUNE, HE NOW FURIOUS SINCE CESSNA ASSURED HIM THEY WOULD ARRANGE FINANCING (HE HAD PREVIOUSLY PURCHASED A CESSNA AND REPAID LOAN AHEAD OF SCHEDULE). HE HAS ALREADY PAID TEN PERCENT DOWN (\$9,700) AND IS FEARFUL OF A RUNAROUND FROM CESSNA ON GETTING HIS MONEY BACK.

4. IN CHECKING WITH FIRST NATIONAL CITY BANK ON POSSIBILITY OF BANK LOAN GUARANTEE, PHILLIPS FOUND THAT BANK WOULD LOAN HIM FULL AMOUNT ON FAVORABLE TERMS. ACCORDINGLY HE HAS PURCHASED A PIPER AZTEC, AND HAS ALREADY DISPATCHED PILOT TO FLORIDA TO FERRY AIRCRAFT TO LIBERIA. ACCORDING TO PHILLIPS, QTE CESSNA HAS LOST A REAL FAN UNQTE.

5. COMMENT: EMBASSY FEELS THIS UNFORTUNATE EMBARRASSMENT TO HIGH GOVERNMENT OFFICIAL COULD HAVE BEEN AVOIDED IF CIFIC HAD MERELY ASKED PHILLIPS TO GET LOCAL BANK LOAN GUARANTEE IN FIRST PLACE. OR, FCIA COULD HAVE ASKED EMBASSY FOR COMMENT ON LOAN. AT TIME WHEN CESSNA REPUTATION IN LIBERIA SHAKEY (DUE TO RECENT DEATH OF STEPHEN TOLBERT), THIS ONLY MAKES LIFE ROUGHER. ALTHOUGH PHILLIPS DID TURN TO ANOTHER U.S. SUPPLIER, IT ALSO DOES LITTLE FOR OUR IMAGE.

6. WOULD APPRECIATE DEPARTMENT CONTACTING CESSNA AND FICA AND ADVISING EMBASSY OF ANY WAY WE CAN MAKE BEST OF BAD SITUATION; PHILLIPS WILL EXPECT EXPLANATION AT NEXT MEETING.
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